

## U. S. AIR INDUSTRY IS DYING RAPIDLY

Government's Failure to Help Manufacturers Has Ended Production.

WADSWORTH BARES FACTS

Separate Department and Big Appropriation Planned for Coming Year.

Special Dispatch to The Sun.

WASHINGTON, Oct. 28.—As a result of the failure of Congress to make appropriations and of the utter failure of the Army, Navy and Post Office departments to coordinate their aviation services, the great aircraft industry that the United States created during the war practically has ceased to exist.

Not over 10 per cent. of its producing capacity now exists and this is idle. Meanwhile Great Britain is spending \$200,000,000 a year developing aircraft and fixing on the domination of the air a grip which is intended to be as permanent as her hold has been on the seas.

These were among the striking points developed in an impromptu debate of the air service and appropriations for it, in the Senate this afternoon. It was stirred up by the conference report on the Urgent Deficiency Bill. The Military Air Service was given \$25,000,000 for air work, in the regular legislation. Later it was developed that this was utterly insufficient, and \$15,000,000 more was included in the deficiency bill by the Senate. But the House conferees insisted that the item go out, and when that fact was reported from the conference the Senate started at once on the discussion of this vital question.

Air Department Probable.

Although, in the end, the conference report was accepted, the discussion developed that at the next session the Senate is pretty certain to do two things:

1. Pass the pending measure to create an aviation department.

2. Provide appropriations to put the United States back into the race with nations that at present are far ahead of it in this service.

Senator Wadsworth (N. Y.) opened the discussion.

"The inevitable has now happened," said Senator Wadsworth, "the appropriation for air service is so small that it simply cannot build any planes. At a time when all other countries are straining every nerve to develop and expand their air services, to encourage it not only for military and naval purposes, but as a commercial asset, America alone is failing to keep even within halting distance of the progress of other countries."

"Is it true?" asked Senator McCormick (Ill.), "that no coordination whatever, no integration of plans for development, has been effected as between the War and Navy departments?"

Coordination Is Lacking.

"It is true," replied Mr. Wadsworth, "that there is no plan, purpose or project common to the two departments. We are going on without any policy and it leaves us in a shameful position. The British and French Governments have created new government departments of air service. They recognize that aviation has a tremendous commercial value; that it is a department of transportation, as important in its element as is maritime transportation in another element. It is absolutely necessary that Congress establish a separate department in charge of aviation."

"At a time when the War and Navy departments have no common plan," suggested Mr. McCormick, "does the Senator advise to appropriate large sums for unwise, or at least haphazard spending?"

"It is fair to say," replied Mr. Wadsworth, "that the army has a programme and the navy also has one. These are good so far as they go, but the separate activities are utterly inadequate to meet the situation. The commercial aspect is highly important."

All Contracts Cancelled.

"Before the armistice, although it is true there had been great waste, we had nevertheless established a huge industry and were at a very high point of production of planes and engines. Immediately all contracts were cancelled, establishments closed, and nothing since has been done. Congress has not appropriated the money necessary to keep plants running. In July of this year just fourteen airplanes were made in the whole United States, while in the same month Great Britain produced 2,000. It is fair to say also that the House and the Senate committee are utterly opposed to appropriating money

to encourage the industry while our programme is in its present condition of utter disorganization."

"There has been extravagance and waste, but it should be said that responsible men are now in charge. To-day we could not put three squadrons of aircraft in the air if there were need of them."

Private Production Ends.

"The private production of aircraft has been suspended. The Post Office Department is ordering a few for its air mail service and the army none whatever, except six experimental planes, two of each of three types. Now our efforts are agreed that we have produced by processes of quantity production machines that are superior to any made abroad. They have been fully tested; they have given the results. So these men ask of you money to build some of these, which will require from twelve to eighteen months, so that they may have machines fit to take the air in case of emergency. Not one of the De Havilland 4s will be useful in any measure a year and a half hence."

The British and French Governments have sent their representatives to South America. This very day French officers in uniform are in charge of agencies selling French planes in New York at prices which we cannot possibly meet because obviously, building in great numbers their costs are far below ours."

"Within a few days," said Senator Newland, "I have put in the records of these hearings a letter from the Second Assistant Secretary of State, Mr. Adee, to the Manufacturers' Aircraft Association, asking the American manufacturers if it is not possible for them to establish some American competition in this South American market. The French and British agents are backed by their Governments and in present conditions Americans cannot compete with them."

Cannot Get Together.

"The War and Navy Departments insist that there is coordination between them, but I saw there is worse than no coordination between them. They have demonstrated an utter lack of capacity to get together."

"The Post Office in connection with its New York-Chicago air service wanted five wireless stations. It asked the Navy Department about them and the Navy replied, 'We have four stations that you can use, and we may conclude to build a fifth,' but the Post Office went away and proceeded to build the entire five stations on its own little account."

"It is absolutely necessary to have a separate department of aeronautics, and for that purpose I have introduced a bill which is now before the Senate Military Affairs Committee and which I think will be reported almost unanimously, but it will take time to get the machinery of a new department working, and meanwhile factories are ceasing operations."

"I voted for the appropriation in this deficiency bill," protested Senator Overman (N. C.), "because I was convinced of the imminent necessity for it. I do not believe it is proper policy for us now to agree that we will not send this bill back to conference again on this one item. I believe we should stand on this item, send the bill back to the House, present to the House the arguments that Senators are presenting here and fight it out."

No Money for New Planes.

Senator Wadsworth proceeded to give an itemized statement of the requirements which will absorb all of the \$25,000,000 heretofore appropriated for the air service. In the last year \$13,000,000 has been expended on the salaries of civilian employees in the air service. In the salvage division about \$2,000,000 more has been required. Leases on flying fields cost \$350,000, and development of lighter type craft, whose utility has been so completely demonstrated by the performance of the British R-24, will require \$3,000,000. Maintenance of engines, planes and existing equipment, operation of storehouses, shops and flying fields will absorb the rest of the appropriation, leaving nothing with which to build new planes. For this single year the British Government will spend \$200,000,000 on its air service, he said.

Senator Thomas said: "If this condition of which the Senator from New York speaks is permitted to continue we may find ourselves in an inferior position even to Mexico, with respect to our air service. Our preparedness programme will be useless if it does not include preparedness in the air."

"It is economy for the United States to make these appropriations," said Senator Henderson, "to keep the service up and not allow it to go to pieces."

Fete for Wannamaker Heroes.

John B. Thomas Wannamaker Post No. 413 of the American Legion will give a dinner to-morrow to all ex-service men in the Wannamaker establishment. Among the prominent speakers to be there are Major-General Robert Alexander of the United States Army, Major-General John F. O'Rourke of the National Guard, Father Francis Duffy of the Sixty-ninth, Job Hedges, Rodman Wannamaker, Capt. Anthony W. Aub of the Air Service and George Brokaw Compton of the American Legion. This affair will be the largest of its kind given by any of the posts of the American Legion. Music and vaudeville entertainment will also be furnished.

## TO QUIZ RYAN TO-DAY IN AIRCRAFT INQUIRY

Revelations Promised After Former U. S. Official Appears on the Stand.

KERBAUGH TELLS STORY

Builder of Western Spruce Road Says Pliny Fisk Got Out, as He Feared Loss.

The value of much evidence taken by investigators in the last two days will depend upon what John D. Ryan, formerly Assistant Secretary of War in charge of aircraft production, has to say to-day when he testifies before the Congress sub-committee investigating aviation fraud charges.

At the hearing, continued yesterday at the Federal Building, evidence was sought, mostly in vain, to support a theory that Mr. Ryan's manipulation of affairs within his charge directly benefited his friends and specifically the Chicago, Milwaukee and St. Paul Railroad, of which he is an officer.

H. S. Kerbaugh of the striking firm of Selma-Carey-Kerbaugh was the only witness during the half day session before the committee members, Representatives W. W. Magee of New York, C. F. Lear of California and James A. Frear of Wisconsin. Their counsel, Meier Steinbrink, did the questioning.

Mr. Steinbrink, probing into transactions leading to the Kerbaugh firm's construction of a railroad in the Northwest timber lands, sought ineffectually to draw from Mr. Kerbaugh some proof that Mr. Ryan had influenced the building of that road to the advantage of the St. Paul.

The witness explained easily and plausibly how Pliny Fisk was "frozen out" at the eleventh hour and thereby lost big profits, contending that the New York banker's withdrawal was inspired by fear that failure to complete the contract might entail great losses. The contract for the railroad and for getting out spruce was a guarantee, but was dependent upon completion of the task. He denied that the Kerbaugh firm had intentionally discredited Mr. Fisk.

Explains Fisk's Discovery.

It was pure coincidence, he said, coupled with a breach of confidence, that led to Mr. Fisk's discovery that the Kerbaugh firm had applied for a bond indemnifying it against losses, because the firm's funds were deposited with Mr. Fisk as the banking part of the combination. It was this act of the Kerbaugh firm which Mr. Fisk had testified persuaded him to withdraw.

Mr. Kerbaugh said that Mr. Fisk was needed by the Kerbaugh company to do the financing and that when Mr. Fisk withdrew they had to find immediately other financial reserves. The War Credits Board came to the rescue and advanced \$4,500,000, he said.

Mr. Steinbrink brought out that the War Credits Board aid came so suddenly that the Kerbaugh firm closed the contract forty-eight hours after Mr. Fisk had ceased to be a partner.

As to the Kerbaugh firm's motives or incentives Mr. Kerbaugh said: "We were not working for profit but wanted to do something to win the war and were too old to go into the army."

"What did you give up? What did you lose?" the inquirer demanded.

"Well, I lived away from my wife all the time I was in the West," said Mr. Kerbaugh, "and my firm gave up contracts that meant ten times as big profit."

Col. Bisque's name entered often into the testimony, as Mr. Steinbrink sought

to find out whether Mr. Ryan's underestimates were not directly playing into the hands of the St. Paul. The attorney brought out evidence that the St. Paul road owned large tracts of timber land alongside the road that the Kerbaugh firm built. Those responsible for the inquiry contend that a vast waste of Government money resulted from the building of the railroad through this territory instead of by a shorter, more direct, route.

Soldiers Worked in War Time.

Col. Bisque virtually forced the Kerbaugh firm to employ drafted soldiers, the witness said.

"Do you mean to say that when the Allies were trying to break the Hindenburg line the War Department forced these soldiers on you when you didn't need them, and that they enjoyed an eight hour day and as high as \$3 a day wage?" Mr. Steinbrink asked rather rhetorically.

"Col. Bisque ordered it," said the witness.

Mr. Kerbaugh admitted that the president of the St. Paul road was frequently consulted in the building of the road, and that the army officer, a Major Sawyer, with whom the Kerbaugh firm negotiated directly in Seattle, as agent of Col. Bisque, was a former superintendent of that railroad.

The examiners intimated strongly that a revelation is in store after Mr. Ryan has testified this morning.

## 14 DEAD IN WRECK ON LAKE MICHIGAN

Passenger Steamer Crashes Into Pier at Muskegon During Storm.

SIX REPORTED MISSING

Undertow Defeats Calculations of Captain, Who Sought Harbor.

MUSKEGON, Mich., Oct. 28.—With fourteen known dead and six or more missing only time can bring an accurate count of the toll of the great seas which early this morning bodily lifted the Crosby passenger steamship Muskegon, formerly the City of Holland, and smashed her to pieces on the piers at the entrance to Muskegon harbor. The list of dead is being added to almost hourly.

The steamship, a side wheeler, bound from Milwaukee, after riding out a night of gale, made for the harbor in the early morning darkness, but is said by Captain Miller to have struck the bar at the entrance. The wheel paddles jammed in the sand, checking headway, and the great combers threw the ship about and hurled her on to the pier. There she hung momentarily, pounding into wreckage, and then slipped off into the deep channel, going down in fifty feet of water. The vessel lies a storm torn tangle of steel and splintered wood, effectually blocking the harbor entrance.

Fifty of the seventy-two passengers and crew, guided to safety by a single flashlight in the hands of a coast guard, were to-night known to have been saved from the vessel. It was feared several were caught between decks. Survivors, most of whom escaped only in their night clothing, were being cared for by the Red Cross.

Graphic stories of terror, suffering and heroism were told by survivors and the bravery of Capt. Edwin Miller and his officers and crew, who remained at their posts to the last, was recounted. Capt. Miller, sensing disaster as the vessel was driven toward the pier, ordered all to leap for their lives and the time hallowed sea rule, "women first," was followed. Only four women, one

of whom was employed on the boat, were to-night known to have been lost.

The women, fearing to venture on the rail, were bravely led by Mrs. Fred L. Beerman of Muskegon, who leaped from the ship. Others jumped or were handed down ropes by men passengers and crew.

Capt. Miller declared the undertow swung his ship after she struck the bar. "I told the cabin boys to waken the passengers and crew and ordered all over the rail," he said. "Those who moved quickly were saved. The ones who held back lost their lives."

To R. J. Kaknorsky, a coast guard, many of those saved owe their lives, according to survivors.

"It seemed that the ship was lifted out of the water, striking with terrific force," said Kaknorsky. "Then the lights went out and the boat was pounded to kindling."

Harry Ries, second engineer, was found dead on the beach. He had been washed overboard, others of the crew said, after being caught in the live steam of bursting pipes in the engine room, where he had remained as long as possible. Apparently he reached the shore safely and crawled some distance from the water. Exhaustion and injuries inflicted by pieces of wreckage are believed to have caused his death.

To the cabin boys and a stewardess, Mrs. Jessie Hopkins of Muskegon who gave her life, is given credit for wakening and thereby saving many of those who escaped.

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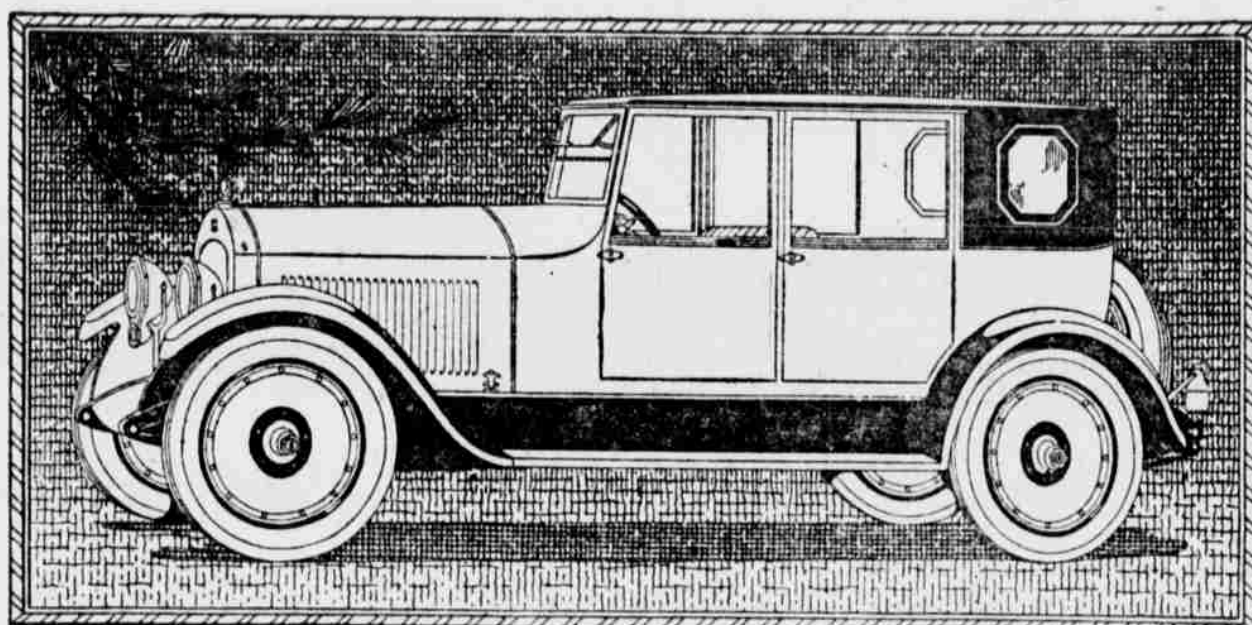
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